

**California Energy Commission
Public Benefits Program**

**A Synopsis of Comments Received from the Public on
A Program Planning Framework for the Public Goods Charge Transition Report
Presented by Energy Commission Staff at the
September 9, 1999 Committee Workshop**

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On September 9, 1999, the Energy Commission's Efficiency Committee held a public workshop to discuss program goals, the related framework criteria for designing future energy efficiency programs and determining their funding levels, and possibilities for achieving synergies with other public goods programs. This synopsis summarizes comments received from the public at this workshop.

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The following listing represents the notes taken on flip charts during the September 9, 1999, Commission Efficiency Committee public workshop:

PUBLIC PURPOSE BENEFITS

The California Energy Commission believes that the purpose of the Public Goods Charge Program is to pursue cost effective energy efficiency and conservation for the purpose of capturing public purpose benefits.

EXAMPLES ONLY – BENEFITS

- A. Improve reliability of the electricity delivery system
- B. Reduced energy costs in electric and gas markets
- C. Improved environmental quality
- D. Create equity among California citizens and ratepayers
- E. Enhanced quality of life

BENEFITS

- Reduced vulnerability to oil shocks
- Energy efficiency benefits participants externalities benefit society national security benefits
- Insurance policy against global climate
- Stimulates innovation including services market
- Contribute to availability of resources for future
- Assist with supply adequacy and local reliability
- Improved productivity (classrooms)
- Consumers control own bills
- Innovations in energy efficiency stimulate innovations in energy quality
- Facilitate transition to sustainable economy
- Can achieve public benefits through program that otherwise would not happen
- Intergenerational benefits (if we use it all now, next generation doesn't have it to use)
- Ability to use energy efficiency so consumers can control bills
- Drives better building science
- Economic benefits for undeserved
- Overall environmental quality
- Enhanced quality of life for California citizens
- Successful internalization of externalities/costs

PUBLIC GOODS CHARGE PROGRAM GOALS

To capture these benefits, the Public Goods Charge Program needs to have goals that will guide the implementation of the program, that is give direction for program design, etc.

EXAMPLES ONLY – GOALS

- A. Reduce environmental impacts of siting new power plants by reducing C's 2020 peak electrical demand by xx MW
- B. A customer friendly environment in which customers can readily obtain and process trustworthy information or professional services that allow them to compare the prices and energy efficiency qualities of different services and products

GOALS (with Benefits)

- Minimize electrical use (how, best way/strategy) (peak vs. annual)
- Develop programs easily understood by public
- Conserve what is valuable in Public Utilities Commission programs
- Well thought out coordination between Public Utilities Commission & California Energy Commission endeavors
- Support diversity of energy sources
- Strive to maximize energy efficiency services provided by private sector
- MW saved
- MWh saved
- Therms saved
- CO2
- Leverage private dollars
- Improved test scores
- Improved economy/jobs
- Incentives for facilities up front
- Incentives from long term goals
- Internalize externalities
- How much is enough, define opportunity
- Maximize penetration of public interest research results
- Efficiency of energy markets
- Identify what in market is operating poorly – how can public \$ to adjust
- 800-1000 MW peak savings in summer of ____
- Allow demand side management participants to participate in planning
- Need long view
- Improving productivity of energy use
- Facilitate qualified financing (loan officer – tax benefits)
- Change structural aspects of relationships among actors

- Make process easier to participate in (for customers etc.)
- Equity – programs available to wider range of participants or customers
- Maximize lead reduction at least cost
- Well functioning markets
- Small customers need service even absent sustainability (of market, or industry)
- Suite of programs
- Education program to teach people to environ as it exists – attitude changes
- Serve the undeserved
- Minimize disruption (do no harm)
- Explore potential of utility bill presentation/format also for meters
- Help citizens and businesses link environ. Attitude with actions and consequences
- Keep in mind interrelations with safety and other issues
- Leave future generations with philosophy – what are natural resources and how to preserve them

Conflicts Among Goals

- Try to distribute equitability between customers and maximize reduction
- We don't know trade-offs without good models and info
- Conflicts may be at strategy level, not at goal level
- Goals need to be measurable; some may have natural metric and others may not
- Reasons will exist outside energy efficiency
- One category is market
- One category is social (Welfare)
 - Do both, need to distinguish which one you are serving with programs
- Re: Example Goal B (above) – consumers need info to make choices but do they need to know how a program works
- Reduce Energy Use vs. Energy Efficiency
 - Rebates can increase saturation of air conditioning and result in great load
 - Is danger of increasing energy consumption greater than the good of the program?
 - Should consumer have air conditioning at all – is that appropriate question?
 - Does rebate create decision to buy or merely determine when or which unit to buy?
 - Should there be assessments on technology by technology basis?
 - Should public policy push toll meters?
 - If program gets into load building – conflicts occur
 - Improve existing vs. develop new

Points of Clarification

- How to allocate resources across portfolio
- Any possibility that program saving at 1 cent/KWH doesn't get funds when program that saves at 2 cent/KWH gets funds
- Chart appears to be exactly what California Board for Energy Efficiency currently does. So what is critical issue for report?
- Is existing system working fine? Does level of change needed make it necessary to go to Legislature?
- Put more emphasis on "options" approach, perhaps more than current California Board for Energy Efficiency approach
- Clear articulation of "right" principles is important for report
- Approach in chart is a constructive approach-how do we develop administrative structure to best carry out
- What is over all mechanism to carry out?
- What is relationship between plan and our recommendation about how to administer?
- Is Legislature expecting an administrative program?
- Don't want to answer question - Legislature hasn't asked
- If set up administrative structure, it has to perform functions - this chart lays them out
- Legislature cannot translate info like this into legislation
- Is it a sales plan for a potential administrator?
- Is this a step to move California Energy Commission into administration to issue macro contracts?
- Build bridge to market transformation
- Not bad model for program design, but let's move beyond
- Who should design programs?
- Who should administer?
- Who should implement?
- How will existing programs transition into new paradigm?
- What is Legislature looking for when it asks for administrative structure?
- Chart can help show who should be in each box
- Chart communicates which function should be performed by which party
- How do we handle going concerns – not start from scratch
- Need to recognize the current system, then indicate any needed modifications
- Can use chart as framework to see if we all agree
- Programs are like oil tankers to modify or end
- Program planning process needs help
- Sees chart as showing top-down bureaucracy
- Programs have been run for ten years; why put limits on money for existing programs. Chart OK for pilot programs
- Criteria for decision-making, Policy to guide criteria
- Is public policy set by the market?
- Need to be answerable to Legislature regarding how money is spent
- Public Policy based criteria
- Are there other criteria beyond cost effectiveness?
- Basis for program is that there are inefficiencies

- Certain information have more uncertainty associated with them than others
- Allocate research dollars to those places in market that are most uncertain
- Framework helps with long-term process, but may not help with short-term money making decisions
- Framework helps to ask questions of who should do what and if there should be separation of players
- Form follows function – chart can help determine if people agree with functions
- Where are strengths and weaknesses of functions shown in chart?
- Want to open up to innovative ideas on small scale
- Creativity, wherever it occurs
- Research needed to better understand some markets
- Report should give background for developing legislation
 - who has oversight
 - who administers
 - amount of funds & why
- AB 1890 was transitional legislation, now asking for clear direction
- California Board for Energy Efficiency may have problems, but it does work. Public Utilities Commission protects the ratepayer
- Cannot use chart as template for organizational chart
- Principles
 - narrow scope to Public Utilities Commission – meter billing services
 - broad to California Energy Commission – building standards
- Public Utilities Commission should retain rate making authority control over all fund allocations (perhaps biennially)
- Narrow scope with Public Utilities Commission/utility
- California Energy Commission step forward as overall contract manager
- Model is fair representation of what a program manager does
- What does it take to be successful administrator
 - Close connection with customers & markets
 - Emerging technology and research
 - Strong financial, contracting and legal

Closing Thoughts

- Form follows function
- Ramifications for administrative structure to be discussed at later workshop
- Very good issues raised
- Importance of maintaining what is working now. Need specifics on what is working and what is not
- Training professionals – emphasis in training is important to assure that services are available and carried out well – seen some successes in this area
- Weakest area now is Residential area, avenues to bring programs to residential are fewer and weaker

- Small Commercial is also weak - need look at standard performance contract in this area (does it work?)
 - Should staff come to next workshop with straw man proposal?
 - Should next workshop be like this with theory discussion?
 - Perhaps propose limited number of options to have public discussion on those options
 - Not enough time left for more theory-based workshop discussions
 - Need clarity, not consensus
 - Bring in two very different proposals
 - Crucial questions
 - legal
 - practical
- proposals need to take a cut at the questions / answers
- Staff workshop on administrative issues perhaps Oct 1, document to go out ahead of time
 - Committee workshops
 - Oct 12
 - Nov 16 (draft report)

VIP LIST (very important points)

- AB 1890 – Public Goods Charge appropriate site
- Draft wording adds a means to achieve objective
- Is first sentence of paper correct or out of context
- To what extent does AB 1105 provide policy guide or is it asking questions
- Energy efficiency is good - debate is how, not what
- Challenge of committee is to translate into common, everyday language that all can understand
- Is over arching goal to achieve energy efficiency, or is it to achieve market transformation?
- Externalities in cost
- Are benefits listed merely hypothesis?
- Don't confuse cost with price
- Trade-offs will exist among goals and among benefits
- Ventilation as option to improve indoor air quality
- What are we purchasing with money spent on program?
- How do we resolve conflicts among goals - \$ scheme? Other?
- Different measurements for goals
- Planning strategies – optimize opportunities
- Legislature looking for principles to manage funds, not the procedure – California Energy Commission needs to recommend these
- Should money be allocated by competitive bid? Avoid top-down approach
- Principal = portfolio of programs pilot test
- Funding mechanism is critical, needs to be addressed in report - currently handled in rates